JANUARY 6, 1986

# CableVision

THE NEWS AND FEATURES WEEKLY OF THE CABLE TELEVISION INDUSTRY

**GROUP W, TCI GROUP INK $2 BILLION PACT**

**MURDOCH SEEN AS POSSIBLE CNN PARTNER**

**HAUSER AGREES TO BUY MONTGOMERY COUNTY SYSTEM**

**HBO'S CABLE/VCR PROMOTION DRAWS MPAA FIRE**

## THE CABLE GUIDE STORY: '86 TO BE YEAR OF RECKONING

# CableVision

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Cable operators' plan to find answers to a key question in 1986: Are cable guides effective in gaining and keeping subscribers, or just a drain on finances with no rewards?

# State legislatures affect cable in '85

WASHINGTON—Eleven states implemented new cable theft-of-service laws in 1985, highlighting an active year for cable in state legislatures, according to a National Cable Television Association summary of state legislative developments affecting cable during the past year.

During 1985, 282 cable-related bills were introduced in 44 state legislatures, according to the report compiled by the NCTA's State Government Relations office. State lawmakers adopted 43 of those bills as law and approved four resolutions affecting a variety of cable interests, the report said.

The 11 states which enacted new cable theft laws during 1985 include Arkansas, Idaho, Indiana, Massachusetts, North Dakota, New Mexico, Nevada, Oregon, Texas, Washington and Wyoming. A cable theft law which was enacted in Missouri as part of an omnibus crime bill was invalidated by the state Supreme Court because a technical error in the bill effectively repealed the Missouri rape statute. Since 1983, 30 states have written new laws to curb cable theft, the NCTA report said, noting that 37 states now have theft-of-service laws which are "cable specific."

Regulating the content of cable programming was a "major issue" in 1985, with 43 separate bills introduced in 15 states, according to the report. The North Carolina state legislature passed a bill which could affect cable as a "disseminator" of legislatively defined obscene material. North Dakota passed a bill incorporating cable into the state's existing obscenity law. Obscenity legislation is pending in Massachusetts, New Jersey, Pennsylvania and Wisconsin, and similar measures were killed in California, Florida, Illinois, Indiana, Louisiana, Maryland, Nebraska, Oklahoma and South Dakota.

Twelve separate bills involving cable's access to premises were introduced in six states during the year. Early this month, the Massachusetts legislature passed a law guaranteeing cable access to MDUs, setting compensation to the landlord for such access at $1, and authorizing the State Cable Commission to resolve disputes concerning compensation. An Illinois law provides for cable access to property owned by utilities, railroads or pipeline companies. Access to premises bills were killed by Florida, Iowa and Tennessee legislatures, and a proposal before the Oklahoma legislature will be carried into the 1986 session.

Most of the franchise fee activity during 1985 was centered in Wisconsin, according to the report, in the wake of a circuit court judge's decision in November 1984 that franchise fees measured by cable system income were illegal under state law. Wisconsin municipal authorities were successful in passing legislation to give cities the authority to collect franchise fees, and Wisconsin cable operators are currently pushing legislation to repeal that law. Legislation is pending in Massachusetts to set fees at 3 percent of revenue, and in New Jersey to set fees at 1.5 or 2 percent.

The NCTA report noted that telecommunications legislation was adopted in Arizona, Connecticut, Illinois, Indiana, Montana, New Mexico, North Dakota, Oregon, Utah and Washington requiring cable operators providing non-video services to obtain prior state certification. Those laws will likely be affected by the Federal Communications Commission's recent *Cox* decision pre-empting any state regulation which impedes cable's entry into the interstate data communications business.

# ANI tests scheduled

TRAVERSE CITY, Mich.—Michigan Bell will provide ANI order entry service for an experiment utilizing Zenith's Phonevision system in Traverse City, Michigan. The 9500 addressable sub Centel Cable Television system has targeted a March 1 launch of the test. Request Television is the vendor for the programming. Cost of the ANI call was not revealed.

This is the third ANI test announced. Viacom is starting one with Pacific Bell in California. A Pac Bell spokesperson said they will need more than just PPV (home banking, etc.) to justify the cost of their system if they are to roll it out on other than a test basis. A Michigan Bell spokesperson said their system will be built just for PPV capability.

Another ANI test is one with AT&T that Viacom and Viewer's Choice have announced for June in Milwaukee. If that system proves effective, Viewer's Choice has said it would be interested in rolling it out nationally.

—*Chuck Ross*

# NCTA seeking nominations for National Awards

WASHINGTON—The National Cable Television Association has issued a "call for nominations" for its 1986 National Awards, the cable industry's individual accolades which will be presented March 18 at the conclusion of the NCTA annual convention in Dallas.

NCTA said that booklets containing nomination forms were mailed to association members on Nov. 18, and that the deadline for submitting nominations to the NCTA Awards Committee is Jan. 7. "This is our opportunity to recognize our peers who have best exhibited the leadership and foresight that have so consistently characterized the people in the cable industry," said Burt I. Harris, chairman of the Awards Committee and president of Harris Cable Corp.

NCTA members have been asked to nominate individuals for the following awards:

- *Vanguard Award*, which NCTA said is "the most prestigious of the National Awards, presented to a man and a woman whose contributions have placed cable in the forefront of the new communications technologies;"
- *Challenger Award*, presented to a system associate member 40 years old or younger for "outstanding leadership qualities and significant contributions to the growth and development of cable nationally;"
- *Associates Award*, for a programmer or equipment supplier;
- *Science and Technology Award*, for technical developments in manufacturing, design, application or implementation;
- *State-Regional Association Award*, presented to a member of a state or regional association for contributions to that association and state legislative and regulatory activities; and
- *Marketing Award*, for leadership in developing marketing concepts which benefit the cable industry.

## Correction

Rogers Cablesystems in San Antonio will not reduce its pay-per-view movie prices to between $1 and $4 as reported December 23/30, p. 23. The movies will be discounted by $1, to sell at $4 each.

# Guides gaining ground, but questions remain

Despite considerable gains made by cable guide publishers over the past year, a cloud of uncertainty continues to hang over the business as it begins 1986.

The primary cause for that outlook: growing concern among some operators over whether the return on offering guides to subscribers justifies the investments in them, given their spiraling distribution and publishing costs. In particular, some MSO directors observe, there's not much tangible evidence at their disposal proving that guides are cost-effective deterrents to churn or that they play a key role in subscriber acquisition and retention campaigns.

According to Dale Parker, Heritage Communications' marketing and programming vice president, it's a dilemma with no easy answers. "Guides are important, but we can't find real proof that where we use them, they reduce churn," he asserts. "They are a heavy financial investment and the return isn't visible. The problem is that the cable industry is at an immature state when it comes to tracking what marketing methods stimulate subscribers."

As part of the effort to develop better information this year many MSOs will be experimenting with a variety of program information vehicles to determine whether any of them can effectively replace cable guides at lower costs without loss of marketing value. The list of media options under active consideration includes expanded Sunday newspaper television supplements; customized MSO-wide guides produced in-house or by outside publishers; *TV Guide*, the nation's best-selling weekly consumer magazine; and cross-channel promotional message services such as *Cable Promotion Network* and *Cable Tonight*.

On their end, cable guide publishers maintain that the cost-effective argument some operators throw at them is unwarranted, noting that recent studies conducted by Simmons Research and other independent research firms clearly show the power of guides as retention devices.

A survey taken last fall at one large system using *The Cable Guide*, the digest-sized monthly published by TVSM and used in some 6.2 million homes, found that 75 percent of its respondents valued it as their most important source of system information and a major influence on service retention decisions. Another Simmons study, recently completed for Cable Publications Inc., the Boston-based subsidiary of Crosby Vandenburg Group formerly known as Cable TV Guide Network, concluded that in several franchises surveyed around the country, guides were used an average 2.5 times per day in most households, twice the average of Sunday newspaper inserts.

> 'Guides are important, but we can't find real proof that where we use them, they reduce churn.'
>
> —Dale Parker

## Decreasing margins

"When operators look at decreasing margins caused by a variety of sources —lower pay and multipay growth, basic network per-sub increases—there's pressure to increase profits," says Lou Pirnik, marketing director with *TV Host*, a guide taken by 240 systems across the country. "When you have large operators looking at the guide as an expense, the instinct is to look for alternatives. The alternative they should take is to use the guide to their fullest ability and work with the publishers. It's a direct communicator to the subscribers."

There are many operators, of course, who concur with this view. Ann Beck of Warner Amex Cable finds the expense reasoning short-sighted. "We need [guides] very badly," says the MSO's program acquisitions director. "They are invaluable, not only as a marketing tool but as an ancillary source of advertising revenue. If operators feel the guide exists only as an expense, then I don't think they're using it properly."

Another belief many operators hold

> 'The end of *On Cable* indicated that guide production is not an easy business.'
>
> —Scott Campbell

'Product advertising in guides will equal or surpass the amount of cable service advertising on a monthly basis in two years.'

—J. Robert Livingstone

that guide providers want to lay to rest for good this year is that the guide publishing business is financially shakey. That argument, brought up three years ago when Time Inc.'s ambitious but short-lived *TV-Cable Week* magazine ceased publication and again in 1984 with the exit of Maclean Hunter's digest-size *Program Guide*, was revived this fall when *On Cable* announced plans to discontinue after six years in business, the last two under Cox Cable ownership. Most of the magazine's 1.5 million subscribers will start receiving guides from TVSM, Premium Channels Publishing and several other firms this month, but some operators on the verge of affiliating with various publishers at the time of *On Cable*'s decision delayed their plans and expressed concern over the state of the market.

"The end of *On Cable* indicated that guide production is not an easy business," notes Scott Campbell, marketing vice president at Jones Intercable. "Look at Cox and Time, two companies with major financial strength that couldn't make a guide work."

But Warren Zeller, general manager of *Cabletime*, the monthly listing guide developed by Tele-Communications Inc., labels *On Cable* a special case, rather than a barometer of general industry health. Because of its unique format, which included elaborate articles on cable programming and critiques that often chided industry practices, the publication was forced to concentrate on landing affiliates in major cities and depended largely on national advertising to meet expenses.

"They acted as a watchdog for the consumer, but their main (advertising) revenue stream came from the people they criticized," Zeller says. "Their lack of advertising also stemmed from not getting into the major markets. If they had tried (earlier) to sell the publication directly to subscribers, they might have survived."

## Affiliate actions

TVSM President Neil Heller believes the affiliates' actions in the wake of the guides demise demonstrate that the business is in good shape. "I can't think of any system using that magazine that didn't substitute it for another guide, whether us or someone else," he maintains. "If the industry was looking to get out of guides, that was a good opportunity and nobody jumped at it."

Most guide publishers live on two revenue streams these days: system charges determined by the format, frequency and number of copies, and national advertising sales within the guides. Affiliates are billed on a per-issue, per-month basis, with individual copy prices ranging from 8 cents to $2.00. For some systems, the cable guide expenditure comes out to $500,000 or more per year, and at the MSO level, guide distribution is considered the biggest single expense item after pay marketing.

Although production and mailing costs for guides have increased by more than 50 percent over the last few years, according to several sources, the majority of publishers claim profitability. Much of the credit goes to an escalating volume of national advertising revenue.

Until a few years ago, national space was limited to advertising by pay and basic services. Now, with many guide suppliers reaching at least one million homes, consumer product firms are buying more space.

While no one expects guide publishers to survive solely on advertising revenues anytime soon, if ever, some publishers, including J. Robert Livingstone of Cable Publications Inc., think product advertising in guides will equal or surpass the amount of cable service advertising on a monthly basis within two years. At TVSM, revenues from such accounts as Apple Computer, General Foods and Ralston-Purina already equal the dollars drawn from various programmers.

Livingston's company has $82,000 in national ad billings contracted for this month, compared with $41,000 in billing a year ago. With some luck, CPI expects to average $71,000 a month in billings through the first quarter of 1986, up from $40,000 a month for the same period last year. Direct-response and electronics equipment businesses presently account for 16 percent of its ad revenues. Company officials want to drive the figure up to at least 35 percent by the start of 1987.

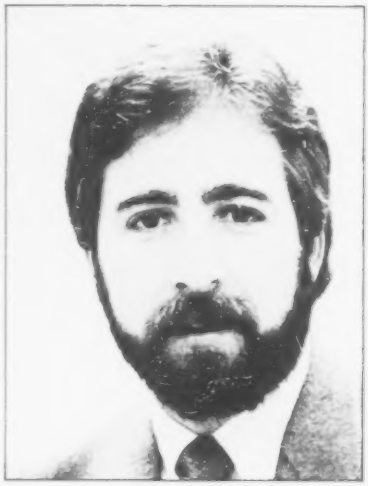
Elsewhere, TVSM recorded a 100 percent increase in national advertising revenue for 1985 and is projecting another 100 percent rise in the year ahead, while *TV Host* saw its national sales go up by 60 percent.

'If operators feel the guide exists only as an expense, then I don't think they're using it properly.'

—Ann Beck

## Advertising reps

Most publishers depend on special rep firms to handle all or part of their national ad sales. Cable TV Magazine Network, based in New York, and The Pattas Group, operating out of Chicago, Miami and Los Angeles, are the two reps getting the lion's share of



'If the industry was looking to get out of guides [the end of *On Cable*] was a good opportunity and nobody jumped at it.'

—Neil Heller

farmed-out activity. Some accounts placed through their auspices include RCA Record and Tape Club, TDK and BASF audiocassettes, and Lorillard cigarettes.

Ironically, these successes have led to a situation that is giving operators the option to consider guide alternatives. Other consumer-directed media, unwilling to include cable program listing or features in the past for various reasons, have changed their minds in order to capitalize on the mediums expanding viewership.

"A few years ago, the guide business started on a big note, because the traditional methods—newspapers and *TV Guide*—didn't provide elaborate detail on cable," says Nimrod Kovacs, United Cable's vice president of marketing, programming and communications. "So the industry encouraged entrepreneurs to get something going. Now the rest of the marketplace has caught up, and the guide people must realize that they're dealing with more powerful competition for their business."

United's suburban Denver system opted to align itself with some of that competition last March. After four years of using Cableview and running up $250,000 in annual guide costs, the 115,000-subscriber franchise substituted free home delivery of *The Denver Post*'s weekly 64-page TV insert on Sunday mornings for the monthly premium guide. Made system-specific under a collaborative effort between *Post* editors and United staff, the *Post* section also reaches 50,000 non-cable subscribers in the area.

The newspaper handles all delivery and production expenses on the section, for which it receives a small monthly cash reimbursement from United. In return, the system gets two pages within the supplement for local advertising and another pair of pages for promotional announcements. Editorial control of section features stays with the *Post*, but its agreement guarantees that half of each year's cover stories will be devoted to cable.

Going into its 10th month, the arrangement is working to United's satisfaction. Subscriber feedback is mostly positive and some non-cable households have signed up because of interest perked by the section.

"The value of having this distributed everywhere in our franchise area is almost impossible to calculate," notes Jim Dovey, president and general manager of the system. "It's weekly; the *Post* had the distribution mechanism in place, and we found the way to communicate with all our customers without adding to their bill." Prior to the deal, United only offered *Cableview* to pay households.

United franchises near Las Vegas and Colorado Springs, Colo. are following the suburban Denver results closely and may be the next candidates at the MSO for a newspaper insert venture.

## Newspaper partnerships

Meanwhile, several operators that launched small-scale newspaper partnerships three or four years ago appear to have renewed interest in the concept as a result of United's project. Comcast, which introduced "Cable TV Week" Sunday inserts in a few markets during 1982 and 1983, is exploring arrangements of that nature at franchises operating without guides. Heritage, providing a local newspaper section to its Des Moines subscribers for the last four years, has some proposals for supplement agreements at other locations under development.

Convinced that an alternative program information media market would eventually develop, *TV Guide* dived into the industry as a cable guide marketer more than three years ago. Turning into 1986, the magazine has convinced 135 systems representing about two million homes to supply it in some fashion—half of those franchises within the last year alone.

Warner Amex is one of the weekly publications' largest customers, offering it in 40 systems, the latest being BQ Cable, its just-launched Queens franchise. Selected Heritage, Viacom and United systems also distribute the magazine.

Before plunging into operator sales, *TV Guide* made some changes in its editorial content. More feature articles on cable were assigned to staff writers. The magazine's two review columns (one on movies, the other dealing with broadcast programming) were expanded to include separate cable critiques. And daily prime-time programming grids matching pay and basic services with broadcasters were introduced throughout its listings section.

Home Box Office, WTBS, Showtime, ESPN and other major services are represented on grids published in every one of *TV Guide*'s 109 regional editions. Other channels are showcased on a market-by-market basis, depending on subscriber penetration in those areas.

The magazine's industry marketing strategy also includes an option giving operators the right to sell it directly to subscribers for $1.95 a month. The purpose behind that is two-fold, according to TVG Marketing Director Herb Zucker. As a known national commodity bought by 17 million people each week through newsstands and subscriptions, the publication has a built-in attraction to cable households which a system can take advantage of for ancillary revenue. At the same time, more and more operators are giving the idea of a subscriber guide fee serious consideration as a way to offset accelerating market costs.

"The major reason (now) why people are going to us is to shift the financial burden from guides to the customer (withoug fear of reprisal)," Zucker says. "My feeling is that we're establishing our momentum on this issue."

Indeed, while the majority of systems provide cable guides free, several

MSOs are testing the charge idea. Tele-Communications Inc. introduced a 50 cent monthly fee for *Cabletime* in its Madison, Wisc. franchise five months ago; 80 percent of all subscribers there are paying the price. Several TCI systems in the Rocky Mountain states may adopt the concept later this year.

Of 40 Jones Intercable systems offering guides, 60 percent of them tag on a $1 monthly fee to subscriber bills. Most of those franchises are breaking even on the venture, and a few are turning a small profit.

Other systems use a halfway approach—charge basic subscribers for the guide, but give it away in pay households. "We view the guide as a separate revenue stream," maintains Jones' Scott Campbell. "It should be sold on its own and perform accordingly."

Adds *Cabletime*'s Zeller: "The process also flushes out who wants the guide. Your basic assumption when you send out guides (free) is that everyone reads it. Not true. This way, you immediately find out who's loyal to the product."

## Rate deregulation

Some MSO executives believe that any guide charge spree on the horizon may be short-lived. When full rate deregulation takes effect a year from now, operators that plan to boost monthly basic charges up to $15 or more will roll back their guide fees in order to hold down price sensitivity problems, says Brian Roberts, operations vice president with Comcast.

The 18th-ranked MSO will carry out that plan by early 1988, until then, it will continue distributing TVSM and other guides free to two and three-pay service homes in several markets while one-pay and basic customers in those areas get them at $1.25 per month. Comcast's policy has been in effect for over a year.

"If a subscriber pays $35 or $40 a month for service, they're the best customer you've got and they should automatically get guides and other things that reflect the service's value in a positive way," Roberts advocates. "Once we enter deregulation, that philosophy will change because operators will conclude that, for the money, basic service and guides that explain the benefits of that service should be positioned as strong as possible."

Many operators think the panacea to the guide issue lies in increased usage of customized digest and magazine-size formats. Under the process, a franchise retains total editorial control of the publication, controls production and marketing expenses and has the ability to shape the publication according to its overall corporate image. Additionally, the system can allocate as many pages as it needs for service marketing campaigns, local ads and public service announcements.

Publishers who specialize in the customized guide field, such as Cosmo Graphics, CPI and CableViewers, see 1986 as a landmark year for their products, maintaining that a growing number of MSOs will start using the concept on a company-wide scale, instead of resorting to the scattered market approach taken in recent years.

"It wouldn't surprise me to see them doing their own guides," noted Carl Kehler, president of Cable Communications Media, another member of the class. "Most marketing trends in this business are faddish, but we're seeing a bigger share of the industry turning to customization because what more operators want is a magazine totally done to their specification and delivered within the cost they're willing to pay."

## Custom guides

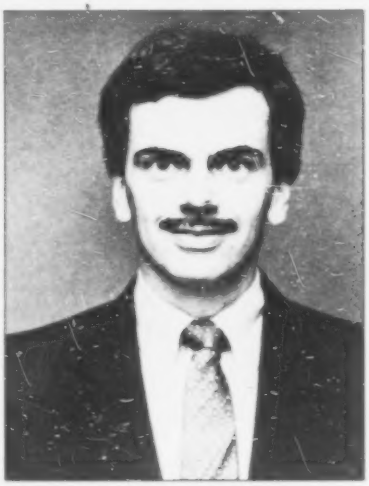
One of the first customized guides designed for MSO-wide distribution,

## STATE OF CABLE GUIDE BUSINESS

### Nationally-offered guides

| Publisher | Launch | Systems | Subscriber Count | Sub Charge | System Charge Range[1] |
|---|---|---|---|---|---|
| Cable Communications Media | 9/85 | 100 | 1.6 million | varies by market | 50 cents-$2.00 |
| Cable Publications Inc. (formerly Cable TV Guide Network) | 1982 | N.A. | 2.5 million | varies | 30-45 cents (digest format) 60-70 cents (magazine format) |
| Cableview | mid-1976 | 400 | 5.5 million[2] | none | 10-80 cents |
| Cable Viewer | 9/79 | 24 | 420,000 | none | $1.00-$1.50 |
| Cosmo Graphics | 8/79 | 32 | 1 million | none | 20-75 cents |
| Premium Channels | 8/80 | 1,500 | 3.8 million | none | 8-10 cents (3.5 cents per sub extra for special inserts) |
| TV Guide (marketed as a guide) | 1982 | 135 | 2 million | varies[3] | 40 cents[4] |
| TV Host | 3/66 | 240 | 1.5 million | varies | 20-60 cents |
| TVSM | 7/80 | 600 | 6.2 million | varies | 75 cents-$1.25 |

[1] Systems are charged on a per-sub issue, per month rate.
[2] Clients include Tele-Communications Inc.'s Cabletime, Viacom Cable of Long Island, ATC's Memphis, Tenn. system, and assorted American Cablesystems, Times Mirror and Continental Cablevision franchises.
[3] Most systems offer it free; others provide it free to pay subscribers and charge $2.00 a month to basic subs.
[4] Company also publishes 1.5 million inserts each month for several program services, including GalaVision, Home Theater Network and The Playboy Channel.
[5] Some outlets charge subscribers $1.95 per month for the magazine; other systems provide it free or at a lower monthly charge to multipay customers.
[6] Per-sub issue per week fee.
[7] Most systems offer it free. A weekly TV Host is sold to Harrisburg, Pa. cable households at a $25.80 annual charge per sub. Other weekly editions are available on newsstands in Portland, Ore. and portions of New Jersey and Pennsylvania for 60 cents per copy.



'If you look at the quality of those guides now compared to what the business looked like three years ago, there's no comparison.'

—Ken Rice

*Cabletime*, goes out each month to about 200 TCI systems and nearly two million homes. CPI prepares the monthly digest for the nation's top-ranked operator, as well as individual system guides for Continental, Viacom Cable and American Cablesystems. Launched in 1982, the guide is expected to break even this summer.

TCI officials are satisfied that *Cabletime* has proved its worth as a subscriber retention tool, based upon review of a Simmons report prepared last fall concluding that most subscribers receiving the guide used it at least two times per day, and 30 percent of those surveyed said they referred to the digest three or more times per day.

Over the last few months, TCI conducted two marketing campaigns through *Cabletime* inserts—a remote control unit offer and a "HBO for a friend" appeal, where subscribers that enlisted a new household for cable service received one month of HBO free, while his friend was installed at no charge. The campaign attracted 11,000 remote sales and 5,000 new subscribers on an MSO-wide basis.

One of the fastest MSO custom guide experiments is *Cable Watch*, a magazine-format publication distributed by American Television and Communications Corp. to 12 systems in its National division. Some 225,000 households have received it since last September in areas ranging from Ithaca, N.Y. and Torrington, Conn. to Erie, Pa.

Cosmo Graphics handles production of the guide, which averages 71 pages of listings and 16 features and national advertising pages per edition. By mid-1987, ATC will roll it out to all 53 National division franchises, covering 625,000 subscribers. Most *Watch* affiliates formerly used *On Cable*.

Ginny Overbagh, vice president of marketing, programming and public affairs for the division, calls *Cable Watch*'s performance so far a moderate success. Average guide costs at the system level, about 50 cents per-issue per-month during *On Cable*'s tenure, have declined to below 50 cents in many *Watch* carriers, with some affiliates bringing that fee down to 15 cents per-issue per-month through local advertising spaces appearing in the listings section. "We've hardly gotten off the ground yet, and a few systems are already selling eight pages of ads," she says.

Later this year, Overbagh and her staff will conduct an extensive survey among division affiliates with an emphasis on *Watch* and whether or not it affects churn and retention rates. Although one or two ATC non-National systems may align with the venture down the road, the majority of them will continue doing business with TVSM, CableView, Premium Channels and other generic guide publishers.

'Nobody seems to know what the answer is, what the future will be, and everyone's hedging.'

—Richard Wilen

## Guide quality

"If you look at the quality of those guides now compared to what the business looked like three years ago, there's no comparison," believes ATC Customer Service Director Kent Rice. "In every respect, they're much better in quality."

The generic publishing class also has expectations of a rising business tide this year. Premium Channels is counting on an additional 200,000 homes for its guides over the next three months, coming from various Times Mirror, McCaw and Post-Newsweek Cable systems. *TV Host* projects a 30 percent circulation increase for all of 1986, while TVSM is shooting for another 400,000 *Cable Guide* subscribers by the end of the year.

Adding 400,000 guides in the last three months alone, *Cablevision* is testing a customized pay-per-view insert at Storer Cable's franchise in Beaverton, Ore. The experiment has gotten off to a promising start. The number of PPV sales per month doubled after Storer launched the guide this past October, and the rate is still climbing. Once full-scale production is under way, *Cablevision* will market the insert elsewhere. Dick Sullivan, the company's executive vice president of marketing and sales, expects that to happen by mid-spring.

*Cable Choice*, another large-size custom guide, will premiere later this month at two Los Angeles sites—Communicom, the system still awaiting new ownership after filing for bankruptcy less than a year ago, and United Cable's area newbuild. Officials place initial circulation at 25,000 homes and say the total could swell to 140,000 homes within two years.

Still, the major item guide publishers and MSOs have at the top of their 1986 agendas is to reach a consensus on the churn-effect cost-effect question. It appears that the two sectors may join forces to find definitive answers. Jones is thinking about a joint research study with publishers input, while other MSOs plan to go ahead with strategies mirroring ATC's *Cable Watch* survey.

"Nobody seems to know what the answer is, what the future will be, and everyone's hedging," muses Premium Channels President Richard Wilen. "But we're not complaining. We may be in turmoil a little bit, but the answers are out there, and we're still viable."

*—Simon Applebaum*

# Cable services subscriber count

## Satellite-fed national services

### Basic services

| Basic services | Affiliates | Subscribers |
|---|---|---|
| ACTS Satellite Network | 220 | 4,840,000 |
| Arts & Entertainment (A&E) | 2,100 | 17,700,000 |
| Black Entertainment Television (BET) | 512 | 12,000,000 |
| Cable News Network (CNN) | 8,569 | 53,340,000 |
| CNN Headline News | 2,934 | 17,340,000 |
| C-SPAN | 2,000 | 23,000,000 |
| CBN Cable Network | 3,551 | 29,775,000 |
| Country Music Television | 300 | 5,300,000 |
| The Discovery Channel | 400 | 8,000,000 |
| ESPN | 11,431 | 30,000,000 |
| Eternal Word Television Network (EWTN) | 275 | 3,000,000 |
| Family Guide II Network | 6 | 90,000 |
| Financial News Network (FNN) | 200 | 20,000,000 |
| Home Shopping Network | 324 | 6,200,000 |
| The Learning Channel | 700 | 6,000,000 |
| Lifetime | 2,600 | 14,000,000 |
| Modern Satellite Network (MSN) | 90 | 10,350,000 |
| Music Television (MTV) | 1,395 | 27,800,000 |
| The Nashville Network | 1,500 | 23,800,000 |
| National Christian Network (NCN) | 90 | 1,240,000 |
| National Jewish Television (NJTV) | 247 | 3,600,000 |
| Nickelodeon | 1,200 | 26,200,000 |
| Odyssey | NA | NA |
| PTL The Inspirational Network | 1,200 | 12,300,000 |
| Satellite Program Network (SPN) | 600 | 11,000,000 |
| Silent Network | 256 | 8,400,000 |
| SIN Television Network | 904 | 12,794,500 |
| Trinity Broadcasting Network | 109 | 9,000,000 |
| USA Network | 1,200 | 30,000,000 |
| Video Hits One | 718 | 8,000,000 |
| The Weather Channel | 1,800 | 16,700,000 |
| WGN-TV | 7,063 | 16,800,000 |
| WOR-TV | 1,401 | 3,140,000 |
| WPIX-TV | 152 | 2,943,000 |
| WTBS-TV | 10,000 | 47,250,000 |

### Pay services

| Pay services | Affiliates | Subscribers |
|---|---|---|
| American Extasy | 6 | 60,000 |
| American Movie Classics | 140 | 2,700,000 |
| Bravo | 230 | 600,000 |
| Cinemax | 2,200 | 7,553,000 |
| The Disney Channel | 2,500 | 2,042,000 |
| GalaVision | 250 | 500,000 |
| Home Box Office (HBO) | 6,000 | 13,500,000 |
| Home Theater Network (HTN) | 100 | 300,000 |
| Showtime | 3,200 | 5,100,000 |
| The Movie Channel | 3,250 | 3,250,000 |
| The Nostalgia Channel | 50 | 175,000 |
| The Playboy Channel | 580 | 753,000 |
| Private Ticket | 1 | NA |

### Audio services

| Audio services | Affiliates | Subscribers |
|---|---|---|
| Cable Radio Network | 14 | 1,300,000 |
| KKGO Super Jazz | NA | NA |
| Lifestyle | 152 | 2,000,241 |
| Lifestyle AC | 13 | 633,426 |
| Moody Bible Institute | 57 | 7,58,108 |
| Satellite Radio Network | 50 | 400,000 |
| Star Ship Stereo Inc. | 75 | 1,115,919 |
| Studioline | NA | NA |
| WFMT Chicago | 152 | 1,110,100 |

### Text services

| Text services | Affiliates | Subscribers |
|---|---|---|
| AP News Cable | 625 | 1,000,000 |
| AP News Plus | 80 | 700,000 |
| Cable Sportstracker | * | 425,000 |
| Dow Jones Cable News | 156 | 2,575,000 |
| Electronic Program Guide (EPG) | 249 | 5,205,000 |
| EPG Jr. | 17 | 17,267 |
| Genesis Cable Storytime | 21 | 686,000 |
| Reuters News View | 325 | 3,250,000 |
| TV Decisions | 106 | 2,826,401 |
| UPI Data Cable | 450 | 4,000,000 |
| X Press | NA | NA |

## Non-satellite-fed national services

| Bicycled services | Affiliates | Subscribers |
|---|---|---|
| Fish Network | 2 | 12,044 |
| Nippon Golden Network | 2 | 12,043 |
| Vector Consumer News | 110 | 327,000 |
| Vector Consumer Shopping Guide | 100 | 307,000 |

## Regional entertainment services

| Basic services | Affiliates | Subscribers |
|---|---|---|
| Atlanta Interfaith | 2 | 500,000 |
| Bay Area Religious Channel (BARC) | 4 | 500,000 |
| Buffalo Sabres Hockey | 40 | 450,000 |
| Cable TV Network of New Jersey | 60 | 1,000,000 |
| The Entertainment Channel | 3 | 1,500,000 |
| KTVT | 75 | 1,200,000 |
| Life News Vision | 14 | 30,000 |
| Madison Square Garden | 75 | 800,000 |
| Manhattan Racing Network | 13 | 110,000 |
| Metro Channel | 1 | 1,000,000 |
| Newsday Cable | 1 | 240,000 |
| Prism Ticket | NA | 450,000 |
| Texas Cable Network | 5 | 900,000 |

| Pay services | Affiliates | Subscribers |
|---|---|---|
| Dodgervision | 30 | NA |
| Home Sports Entertainment Houston/Dallas | 40 | 1,000,000 |
| Home Team Sports | 13 | 1,800,000 |
| New England Sports Network | 107 | 843,023 |
| PRISM Philadelphia | 80 | 500,000 |
| Pro Am Sports | 33 | 1,000,000 |
| SportsChannel (New England) | 30 | 500,000 |
| SportsChannel (New York) | 35 | 1,000,000 |
| SportsVision (Chicago) | 20 | 1,000,000 |
| Z Channel | 13 | 90,000 |

## Announced services

| Satellite-fed services | Expected Launch |
|---|---|
| ABC Pay-Per-View service | 1st Quarter 1986 |
| Apollo Entertainment Television | TBA |
| The Book Channel | 2nd Quarter 1986 |
| The BuenaVision Channel | TBA |
| Cablelux | TBA |
| Comedy Television | 2nd Quarter 1986 |
| Data Broadcasting Corp. | 1st Quarter 1986 |
| Discovers Computer Network | 1987 |
| Discovery Financial Network | 4th Quarter 1986 |
| Discovery Music Network | 4th Quarter 1986 |
| El Canal Musical | 2nd Quarter 1986 |
| Ethnic Radio Networks | TBA |
| Event Television | 1986 |
| Innovations In Living | 1986 |
| International Business Network | 4th Quarter 1986 |
| Magicable | TBA |
| Movie Time | 1986 |
| The Peoples' Choice | 1986 |
| Sofcast National Digital Network | 1st Quarter 1986 |
| Telstar Pay-Per-View Service | 1986 |

**Note:** Figures for affiliate and subscriber counts will be updated quarterly unless information is provided by the service. Send information to: CableVision, Attention Cable Stats, P.O. Box 5208 T.A., Denver, CO 80217.
NA denotes not available.
TBA denotes to be announced.

* Total SIN reach. Spanish-speaking households 1,134,400.
Source: Subscriber and affiliate counts are provided by the program service for International Thomson Communications Inc.

# National cable advertising

This chart lists national advertisers on the basic cable networks. Some listings are partial.

**BET**
Anheuser-Busch (R)
Campbell's Soup (R)
Carson Products (R)
Coca-Cola (R)
Ford (R)
Hershey (R)
KFC Corp. (R)
M&M Products Co. (R)
McDonald's (R)
Mobil Oil (R)
Nike (R)
Pro-line (R)
Proctor & Gamble (R)
RCA (R)
Sears Roebuck & Co. (R)
U.S. Army (R)
U.S. Marine Corps (R)
Wendy's International Inc. (R)

**C-SPAN***
Centel (R)
DuPont (R)
Gannett (R)
General Instrument (R)
Time (R)
Times Fiber (R)

**Dow Jones Cable News**
American Express (R)
Charles Schwab (R)
Consumer Reports (R)
Golf Digest (R)
Smithsonian Magazine (R)
Tennis Magazine (R)
Traveler's Equity Sales (R)
Zion First National Bank (R)

**FNN**
Allstate (N)
American Cyanamid (N)
Avis (R)
AT&T (R)
Best Western (N)
Bureau of Business Practices (N)
Charles Schwab (R)
Chicago Board of Trade (N)
Chicago Mercantile Exchange (N)
Chrysler (R)
Clayton Brown (N)
Commodore Computers (N)
Com-Quest (N)
CSX Corp. (N)
Dow Jones (R)
Ford Corp. (R)
GMAC (R)
GM Corp. (R)
Golden Nugget (N)
The Hartford Insurance (N)
Harris Corp. (N)
Hayes Corp. (R)
Hong Kong Tourist Bureau (R)
International Harvester (N)
International Trading Group (N)
InterNorth (R)
Intex (N)
ITT (R)
Kansas City Board of Trade (R)
Merrill Lynch (R)
Norelco (N)
Nynex (R)
Paramount Home Video (N)
Reichold Chemical (N)
Rockwell (N)
United Airlines (R)
USA Today (N)
Wall Street Journal (R)
Western Futures (N)
Xerox (R)
Zion Banking (R)
Zweig Forecast (R)
Z + 4 (N)

**The Learning Channel**
Barron's (R)
Charles Schwab (R)
Investor's Daily (R)
Smithsonian Magazine (R)
Standard & Poor's (R)
Time + Life Books (R)
Working Woman Magazine (R)

**The Discovery Channel**
†
American Home Products
Barron's Weekly
Business Week
Consumer Reports
Dreyfus Fund
Esquire Magazine
Illustrated Wildlife Magazine
Kent Collectibles
Life Magazine
Prudential Insurance
Save The Children's Fund
Science 85
Smithsonian Magazine
Time Magazine
Transamerica Occidental
USA Today
Vista Classics
Wall Street Journal

R denotes renewal client
N denotes new client

*Listing is comprised of both advertisers and program underwriters.
†New and renewal information not available.

Source: Advertising credits are provided by the programming services to International Thomson Communications Inc.

# Top 20 MSOs

| Rank | Multiple system operator | Basic subs |
|---|---|---|
| 1 | Tele-Communications Inc. | 3,000,000 |
| 2 | American Television and Communications Corp. | 2,300,000 |
| 3 | Group W Cable | 2,162,000 |
| 4 | Storer Cable Communications | 1,215,000 |
| 5 | Cox Cable Communications | 1,137,914 |
| 6 | Warner Amex Cable Communications Inc. | 1,100,000 |
| 7 | Continental Cablevision | 1,043,000 |
| 8 | Times Mirror Cable Television Inc. | 996,000 |
| 9 | United Cable Television | 939,000 |
| 10 | Newhouse Broadcasting | 900,000 |
| 11 | Viacom Cablevision | 850,000 |
| 12 | UA Cablesystems Corp. | 743,000 |
| 13 | Satellite Communications Inc. | 661,000 |
| 14 | Cablevision Co. | 581,000 |
| 15 | Rogers Cablesystems Inc. | 550,000 |
| 16 | Heritage Communications Inc. | 545,000 |
| 17 | Jones Intercable Inc. | 521,000 |
| 18 | Comcast Cable Communications | 503,500 |
| 19 | Telecable Corp. | 445,000 |
| 20 | McCaw Communications | 442,000 |

# Top 20 Systems

| Rank | Location | Operator | Basic subs |
|---|---|---|---|
| 1 | San Diego, CA | Cox Cable | 254,000 |
| 2 | Woodbury, Long Island, NY | Cablevision Co. | 242,000 |
| 3 | Manhattan, NY | ATC | 230,000 |
| 4 | Florida Division (Orlando/Tampa/Daytona Beach) | ATC | 195,700 |
| 5 | San Antonio, TX | Rogers Cablesystems | 190,000 |
| 6 | Houston, TX | Warner Amex | 180,000 |
| 7 | East Orange, NJ | Mid-Atlantic Hunter | 154,000 |
| 8 | Honolulu, HI | ATC | 136,000 |
| 9 | Phoenix, AZ | Times Mirror | 134,000 |
| 10 | Louisville, KY | Storer Communications | 140,000 |
| 11 | Wayne, NJ | UA Cablesystems | 140,000 |
| 12 | Cincinnati, OH | Warner Amex | 137,000 |
| 13 | Tulsa, OK | United Cable | 136,000 |
| 14 | Englewood, CO | United Cable | 135,000 |
| 15 | Plainville, Hartford | United Cable | 130,000 |
| 16 | Manhattan, NY | Group W Cable | 126,400 |
| 17 | Yorktown, NY | New York Times | 125,000 |
| 18 | Tidewater (Norfolk), VA | Cox Cable | 118,425 |
| 19 | Atlanta, GA | Prime Cable | 115,600 |
| 20 | Rochester, NY | ATC | 115,000 |